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Corporate Accounting and Disclosure Division
Financial Services Agency of Japan
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The American Chamber of Commerce in Japan
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Comments on the Draft Cabinet Office Ordinance Revising the English-Language Disclosure System

We respectfully submit this letter to the Corporate Accounting and Disclosure Division of the Financial Services Agency of Japan (FSA).

In response to your press release dated March 12, 2008 titled Public Consultation on the “English-Language Disclosure System”, on behalf of the Capital Markets, Foreign Direct Investment and Investment Management committees of the American Chamber of Commerce in Japan (ACCJ), we are pleased to submit the following comments for your consideration.

General Comments

The ACCJ welcomes the FSA’s proposed revisions to Cabinet Office Ordinances that would expand the ability of foreign issuers to submit English-language filings and reduce the burden on foreign issuers to submit documents in Japanese. These proposed revisions are a welcome step towards improving the competitiveness of Japan’s financial markets. However, the proposed revisions need to be expanded in order to have a greater impact on closing the gap between Tokyo and leading financial centers such as New York, London, Hong Kong and Singapore.

The proposed revisions need to go further to reduce the administrative burden on foreign issuers raising funds in Japanese markets and to make Japan an attractive and user-friendly market for investors and issuers, both domestic and foreign. Only if the proposed revisions are expanded, and the limitations on applicability reduced, will Japan be able to achieve its objective of increasing the number of foreign companies listed on Japanese exchanges.

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Specific Comments

1. **Make the proposed revisions effective as early as practicable.** We note that the proposed revisions do not yet have an effective date. We encourage making the expanded English-language disclosure system effective as early as practicable.
2. **Make the proposed revisions applicable to all disclosures by foreign issuers.** The proposed revisions are only applicable to six categories of disclosure documents. To make this system truly user-friendly and to minimize the burden of Japanese-language disclosure, current reports to the Tokyo Stock Exchange and other exchanges and other reports such as registration statements, tender offer report statements and other proxy statements that are not covered by the proposed revisions should be made eligible for English-language disclosure. The FSA's objective of increasing foreign company issuances can only be achieved if the FSA makes English-language disclosure universally applicable to all types of issuer disclosure.
3. **Make the proposed revisions applicable to all issuers, foreign and Japanese alike.** An English-language disclosure system should be available to Japanese issuers that are subject to English-language disclosure requirements in other jurisdictions. Domestic issuers should have the freedom to choose cost-efficient disclosure in a single language.
4. **Eliminate the requirement for prior FSA consultation.** Make eligibility to utilize the English-language disclosure system automatic, to avoid the perception that an issuer must obtain FSA prior approval and to avoid adding unnecessary procedures or otherwise delaying the ability to make English-language disclosure filings.
5. **Eliminate or clarify the FSA's ability to deny an issuer access to utilize the English-language disclosure system.** Under the proposed revisions, an issuer may have a significant concern regarding whether the FSA could revoke the issuer's ability to make English-language disclosure filings, if their English-language disclosure either harms public interest or is otherwise opposed to investor protections. A user-friendly English-language disclosure system needs to be predictable and issuers should be certain that they will not be required to make Japanese-language disclosure filings. Alternatively, at a minimum, the FSA should provide guidance with examples of when the FSA would be authorized to halt an issuer's ability to utilize the English-language disclosure system.

6. **Reduce or eliminate the requirement of Japanese-language summaries of business risk, analysis of financial condition and results of operation, and financial statements.** For issuers, the production of Japanese-language summaries of these core disclosure items would likely require nearly the same amount of resources as a full translation of such sections. If Japan is committed to reducing burdens on issuers, the requirements of Japanese-language summaries should be reduced or eliminated. If the Japanese-language summary requirement is retained, the requirement should be simplified such that only risk factor headings and financial statements without the notes thereto are required to be summarized, rather than more detailed disclosure.